

Message Text

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ACTION AID-59

INFO OCT-01 NEA-10 ADP-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 EB-11 COME-00 TRSE-00 AGR-20 IGA-02 NSCE-00

RSR-01 /169 W

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R 160645Z JUL 73

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 9762

UNCLAS COLOMBO 1783

C O R R E C T E D C O P (TEXT)

E.O. 11652: N/A

TAGS: EAID, CE

SUBJ: PL-480 WHEAT FLOUR FOR SRI LANKA

1. BECAUSE OF POSSSIBILITY SRI LANKA EMBASSY WASHINGTON HAS NOT YET DELIVERED LETTER OF 10 JULY FROM PM BANDARANAIKE TO PRESIDENT NIXON, WE ARE TRANSMITTING TEXT (COPY GIVEN AMB AT MEETING WITH PM MORNING 16 JULY -- SEPTTEL).

2. QUOTE: MY DEAR PRESIDENT, YOU WOULD RECALL MY WRITING TO YOU IN JAN THIS YEAR SEEKING THE SUPPORT OF YOUR GOVERNMENT FOR CONVENING THE 9TH MEETING OF THE AID-GROUP FOR SRI LANKA AND REQUESTING THE GOVERNMENT OF THE UNITED STATES OF AMERICAN TO MAKE A SUBSTANTIAL PLEDGE OF ASSISTANCE. I WISH TO EXPRESS OUR APPRECIATION OF THE EFFECTIVE SUPPORT EXTENDED BY YOUR GOVERNMENT AND FOR THE PLEDGE OF FOOD ASSISTANCE MADE BY THE UNITED STATES DELEGATION AT THE AID-GROUP MEETING.

WE WERE HOPING THAT THE SUPPLY OF WHEAT FLOUR UNDER PUBLIC LAW 480 WOULD BE MADE AVAILABLE AT AN EARLY DATE. MY GOVERNMENT WAS ADVISED THAT DUE TO CERTAIN FISCAL AND SUPPLY UNCLASSIFIED

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PROBLEMS, OUR REQUEST FOR ASSISTANCE WOULD NOT BE CONSIDERED

UNTIL THE COMMENCEMENT OF THE US FISCAL YEAR 1974.

MEANWHILE, THE FOOD SITUATION IN SRI LANKA HAS BEEN AGGRAVATED BY THE SEVERE DROUGHT. COMPARED TO THE TARGET SET FOR THE RICE HARVEST IN 1973, THE LATEST ESTIMATES INDICATE A SHORTFALL OF OVER 30 PERCENT. THE MAGNITUDE OF THE DROUGHT IS ALSO SEEN FROM THE FACT THAT THE POWER SUPPLY IN THIS COUNTRY, WHICH IS LARGELY HYDRO-GENERATED, HAD TO BE RESTRICTED FOR THE FIRST TIME IN 40 YEARS.

MY GOVERNMENT HAS INTENSIFIED ITS EFFORTS TO INCREASE RICE PRODUCTION IN THE COMING YEAR, AND, AT THE SAME TIME, EFFORTS ARE BEING MADE TO GROW SUBSTITUTE FOOD GRAINS AND YAMS. THE SUCCESS OF THESE EFFORTS HOWEVER, WOULD, TO A LARGE EXTENT, DEPEND ON SATISFACTORY WEATHER CONDITIONS. THE DRIVE TO GROW SUBSTITUTE FOOD GRAINS WOULD ONLY HAVE A MINIMAL IMPACT IN THE COMING YEAR. THUS, IF WE ARE TO KEEP THE POPULATION FED AT EVEN SUBSISTENCE LEVELS, THE IMPORT OF MINIMUM QUANTITIES OF RICE AND FLOUR WILL BECOME VERY NECESSARY.

AS YOU ARE AWARE, THE PRICE OF FOOD GRAINS HAS RISES CONSIDERABLY IN THE WORLD MARKET. EVEN AT ENHANCED PRICES, SUPPLIES OF RICE ARE NOT AVAILABLE FOR IMPORT IN ANY SUBSTANTIAL QUANTITY. IT IS IN THIS CONTEXT THAT THE NEED FOR WHEAT FLOUR BECOMES AN URGENT NECESSITY. IN RELATION TO OUR MOUNTING DEBT SERVICES BURDEN AND OUR CURRENT BALANCE OF PAYMENT DIFFICULTIES IT IS NECESSARY THAT THESE IMPORTS BE MADE ON EASY FINANCIAL TERMS SUCH AS THOSE OFFERED ON PL 480.

I AM DISTURBED TO LEARN THAT SRI LANKA IS NOT IN THE LIST OF COUNTRIES ELIGIBLE TO RECEIVE PLNMRIIP ASSISTANCE DURING THE FIRST QUARTER OF THE US FISCAL YEAR. I AM WRITING TO MAKE A SPECIAL REQUEST TO YOU TO RESTORE SRI LANKA TO THE LIST OF ELIGIBLE COUNTRIES, IF NOT DURING THE FIRST QUARTER, AT LEAST DURING THE SECOND QUARTER OF THE FISCAL YEAR. I WISH TO MENTION THAT THE LATTER WOULD BE THE MOST CRITICAL PERIOD

FOR US IN REGARD TO CEREAL SUPPLIES. AS WE ARE NOT IN A POSITION TO MAKE PURCHASES ON COMMERCIAL TERMS, ANY DELAY OR POSTPONEMENT OF THE PL 480 ASSISTANCE PLEDGED AT THE LAST UNCLASSIFIED

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MEETING OF THE AID-GROUP WOULD HAVE SERIOUS SOCIAL AND POLITICAL CONSEQUENCES.

I SHALL BE GRATEFUL IF YOU WOULD INSTRUCT YOUR OFFICIALS TO GIVE SPECIAL CONSIDERATION TO SRI LANKA'S CASE SO THAT EARLY SHIPMENTS OF WHEAT FLOUR UNDER PL 480 COULD BE EFFECTED.

WITH WARMEST PERSONAL WISHES, YOURS SINCERELY, (SIRIMA R.D.

BANDARANAIKE) PRIME MINISTER.

HIS EXCELLENCY MR. RICHARD M. NIXON, PRESIDENT OF THE UNITED
STATES OF AMERICAN, WASHINGTON, D.C. USA. UNQTE
VAN HOLLEN

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NNN

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